



# STATE MINING AND GEOLOGY BOARD

## *EXECUTIVE OFFICER'S REPORT*

Date: June 15, 2000

**Item 2 – Review of Revised Reclamation Plan Financial Assurance Cost Estimate for the Sha-Neva Plant #2 Site (CA Mine ID # 91-29-0005), and Status of Reclamation Plan Determinations Regarding Revegetation of the Site**

**BACKGROUND:** The State Mining and Geology Board (SMGB) currently is the acting lead agency for surface mines (two mines) within the jurisdiction of the Town of Truckee. The Town does not possess a SMGB-certified surface mining ordinance in accordance with the requirements of the Surface Mining and Reclamation Act of 1975 (SMARA).

In 1992 Nevada County (the SMARA lead agency at that time) approved an amended reclamation plan for Sha-Neva, Inc.'s Pit #2 that included, as a condition of approval, that Sha-Neva, Inc. establish revegetation test plots and implement an annual monitoring program to evaluate the success of those test plots (Condition #3). The Conditions of Approval also established two formal public hearing reviews by the lead agency at five and ten year intervals after the reclamation plan's approval date (Condition #5). The stated purpose of the five year review was to evaluate the success of the test plots and, subject to the lead agency's findings, amend the reclamation plan to adjust the revegetation approach as necessary. The ten year review, which should occur in July 2002, is to result in the selection of the best method of revegetation of the site.

On March 23, 1993 the Town of Truckee incorporated within Nevada County and its jurisdiction extended to cover Sha-Neva, Inc.'s Pit #2 surface mine site.

The date for the five year review (1997) passed without a review occurring, and although the Town of Truckee submitted a surface mining ordinance to the SMGB in late 1998 that was certifiable by the SMGB, the Town has not acted to adopt its ordinance and become the SMARA lead agency. Therefore, the Town has not held the necessary five year review.

Since 1998, the SMGB has been conducting the annual surface mine inspections of the site as required under SMARA § 2774. Following the November 1999 annual

inspection, the SMGB requested in December, 1999 that the operator provide a revised financial assurance cost estimate for the Plant #2 site because the last review of the financial assurance occurred in 1993. The amount of financial assurance in place then was \$49,734. This amount was determined prior to the revegetation test plots being established, prior to implementing the changes in the mining operations described in the amended reclamation plan of 1992, and prior to the (expected) 1997 review meeting.

Sha-Neva, Inc. responded in mid-February 2000 with a proposed revised amount of \$51,211. The operator noted that it has been conducting revegetation studies since 1990, and that the area should revegetate naturally.

Accordingly, Sha-Neva elected to show no costs in its estimate for revegetation and relied on the "natural revegetation" approach. However, Condition #5 of the reclamation plan approval clearly indicates that it is the lead agency, not the operator, that ultimately will select the method of revegetation. Unless the Town of Truckee obtains a certified mining ordinance, the SMGB will be the lead agency that makes the determination on final revegetation of the site in accordance with the end use described in the reclamation plan.

In addition to the revegetation issue, a review of the reclamation plan indicates that some other issues may need to be included in the financial assurance cost estimate. Specifically, the cost estimate indicates that the pit walls will be graded to overall final slopes of 1.5:1 (horizontal to vertical) using a D9 dozer equipped with a ripper to grade approximately 160,000 cubic yards of material. According to the reclamation plan the south, east and west pit slopes are to be reclaimed using a benched configuration, with 10 feet wide benches being placed at 30 feet vertical intervals for an overall slope of 1.5:1. The northern end of the pit is to be reclaimed to a final slope of 3.5:1. It appears that the estimate does not account for the cost of constructing benches on the south, east and west pit slopes. In addition, it is unclear if the grading work is needed on the north end of the pit to establish a 3.5:1 slope. Finally, the estimate should clarify if the cinder material's swell characteristics (~15%) were factored into the estimated volume of material to be graded.

The reclamation plan indicates that salvaged topsoil will be placed on the pit wall benches and that an erosion control seed mix will be applied to those disturbed areas. The cost estimate does not reflect any costs for these activities.

The reclamation plan map indicates that all structures and equipment will be removed from the property. From the reclamation plan and site inspections, there appear to be two wells, a caretaker's residence (trailer), a truck scale, a modular unit, mobile equipment and two bone yards on site. The cost estimate does not appear to reflect any of the costs for cleanup and removal of these structures and equipment.

In addition to cinders, there appears to be a storage area at the bottom of the pit for rip-rap sized and larger boulders. The cost estimate does not indicate the final

disposition of these oversized boulders.

**DISCUSSION:** The SMGB is the acting lead agency for Sha-Neva, Inc.'s Plant #2 Site. Accordingly, the Board must determine if the proposed amount of financial assurances is adequate to reclaim the mine site according to the approved reclamation plan. The SMGB office was informed in late February that Sha-Neva, Inc.'s line of credit with US National Bank – that is, the financial assurance for Plant #2 -- would expire in late May, 2000. At the time that Sha-Neva, Inc. required a response to the adequacy of its proposed financial assurance cost estimate, the SMGB was without a quorum and could not make that determination.

Consequently, the SMGB's Executive Officer informed Sha-Neva, Inc. that it should obtain a financial assurance instrument in the proposed amount of \$51,211 so that it could continue operations at the Plant #2 site; however, this financial instrument and the Board's approval of it at its next meeting (scheduled for June 15, 2000) only may be conditional and could be subject to revision depending on the SMGB's findings on the adequacy of the amount. [The Executive Officer is recommending that the SMGB conditionally approve the amount at the SMGB's June 15<sup>th</sup> regular business meeting, pending the findings of this Committee].

**EXECUTIVE OFFICER'S RECOMMENDATION:** The Executive Officer recommends the Committee take the following actions:

Recommend:

(1) that the mine operator recalculate the financial assurance cost estimate for Plant #2 taking into account the items reported above in the Background Section of this report, and that the Committee set a deadline for receipt of that recalculated amount; the Committee will review any revised amount for adequacy at another meeting;

(2) that the Committee review the revegetation test plot information that has been compiled over the past six years and suggest the most effective revegetation program compatible with the end use described in the approved reclamation plan; the Committee may wish to consider holding a hearing in the Town of Truckee at a later date to receive comments on a revegetation program. [Note: In 2002 the lead agency must make a final determination as to the revegetation program to be implemented].